



## Senate

General Assembly

**File No. 330**

February Session, 2006

Substitute Senate Bill No. 287

*Senate, April 4, 2006*

The Committee on Environment reported through SEN. FINCH of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING REVISIONS TO THE DRY CLEANING REMEDATION ACCOUNT PROVISIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 12-263m of the 2006 supplement to the general  
2       statutes is repealed and the following is substituted in lieu thereof  
3       (*Effective October 1, 2006*):

4       (a) As used in this section: (1) "Eligible dry cleaning establishment"  
5       means any place of business engaged in the cleaning of clothing or  
6       other fabrics using tetrachlorethylene, Stoddard solvent or other  
7       chemicals or any place of business that accepts clothing or other fabrics  
8       to be cleaned by another establishment using such chemicals, (2) "gross  
9       receipts at retail" means the total amount accruing from dry cleaning  
10       services at retail, valued in money, without any deduction for the cost  
11       of the materials used, labor or service cost or any other expense, and  
12       (3) "eligible applicant" means (A) a business owner or operator of an  
13       eligible dry cleaning establishment, or (B) an owner of property that is  
14       occupied by an eligible dry cleaning establishment.

15     [(a)] (b) There shall be paid to the Commissioner of Revenue  
16 Services by each dry cleaning establishment, as defined in this  
17 subsection, a surcharge of one per cent of its gross receipts at retail for  
18 any dry cleaning service performed on or after January 1, 1995. Each  
19 such establishment shall register with the Commissioner of Revenue  
20 Services on forms prescribed by him. Each such establishment shall  
21 submit a return quarterly to the Commissioner of Revenue Services,  
22 applicable with respect to the calendar quarter beginning January 1,  
23 1995, and each calendar quarter thereafter, on or before the last day of  
24 the month immediately following the end of each such calendar  
25 quarter, on a form prescribed by the commissioner, together with  
26 payment of the quarterly surcharge determined and payable in  
27 accordance with the provisions of this section. Whenever such  
28 surcharge is not paid when due, a penalty of ten per cent of the  
29 amount due or fifty dollars, whichever is greater, shall be imposed,  
30 and such surcharge shall bear interest at the rate of one per cent per  
31 month or fraction thereof until the same is paid. The Commissioner of  
32 Revenue Services shall cause copies of a form prescribed for  
33 submitting returns as required under this section to be distributed to  
34 persons subject to the surcharge. Failure to receive such form shall not  
35 be construed to relieve anyone subject to the surcharge under this  
36 section from the obligations of submitting a return, together with  
37 payment of such surcharge within the time required. The provisions of  
38 sections 12-548 to 12-554, inclusive, and sections 12-555a and 12-555b  
39 shall apply to the provisions of this section in the same manner and  
40 with the same force and effect as if the language of said sections 12-548  
41 to 12-554, inclusive, and sections 12-555a and 12-555b had been  
42 incorporated in full into this section and had expressly referred to the  
43 surcharge imposed under this section, except to the extent that any  
44 such provision is inconsistent with a provision of this section and  
45 except that the term "tax" shall be read as "dry cleaning establishment  
46 surcharge". Any moneys received by the state pursuant to this section  
47 shall be deposited into the account established pursuant to subsection  
48 [(b)] (c) of this section. [For the purposes of this section, "dry cleaning  
49 establishment" means any place of business engaged in the cleaning of

50 clothing or other fabrics using tetrachlorethylene, Stoddard solvent or  
51 other chemicals or any place of business which accepts clothing or  
52 other fabrics to be cleaned by another establishment using such  
53 chemicals and "gross receipts at retail" means the total amount  
54 accruing from dry cleaning services at retail, valued in money, without  
55 any deduction for the cost of the materials used, labor or service cost or  
56 any other expense.]

57 [(b)] (c) There is established an account within the General Fund to  
58 be known as the "dry cleaning establishment remediation account".  
59 Said account shall contain any moneys required by law to be deposited  
60 in the account. Any balance remaining in the account at the end of any  
61 fiscal year shall be carried forward in the account for the fiscal year  
62 next succeeding. The account shall be used by the Department of  
63 Economic and Community Development for grants made to owners or  
64 operators of eligible dry cleaning establishments or owners of property  
65 on which an eligible dry cleaning establishment has been in operation  
66 for at least a year prior to the approval of the application and there  
67 exists [a] an eligible dry cleaning establishment at the time of release of  
68 funds, pursuant to subsections [(c)] (d) and [(d)] (e) of this section.

69 [(c)] (d) The state, acting through the Commissioner of Economic  
70 and Community Development, shall use the dry cleaning  
71 establishment remediation account to provide grants to applicants for  
72 the purposes of the containment and removal or mitigation of  
73 environmental pollution resulting from the discharge, spillage,  
74 uncontrolled loss, seepage or filtration of chemical liquids or solid,  
75 liquid or gaseous products or hazardous wastes on or at the site of [a]  
76 an eligible dry cleaning establishment or for measures undertaken to  
77 prevent such pollution which are approved by the Commissioner of  
78 Environmental Protection. In order to qualify for a grant under the  
79 provisions of this section an eligible applicant must demonstrate to the  
80 satisfaction of the Commissioner of Economic and Community  
81 Development that (1) the [subject] eligible dry cleaning establishment  
82 is using or has previously used, tetrachlorethylene or Stoddard solvent  
83 or other chemicals for the purpose of cleaning clothes or other fabrics,

84 (2) the [applicant] eligible dry cleaning establishment has been doing  
85 business [and has maintained its principal office and place of business]  
86 at the site for a period of at least one year prior to the submission date  
87 or approval date of the application for assistance under this section,  
88 [and] (3) the [applicant] eligible dry cleaning establishment is not in  
89 arrears with regard to any tax levied by the state or any political  
90 subdivision of the state and the dry cleaning surcharge imposed by  
91 subsection (b) of this section, and (4) the eligible applicant is not in  
92 arrears with regard to any tax levied by the state or any political  
93 subdivision of the state. Any funds disbursed as a grant under this  
94 section shall not be subject to attachment in the satisfaction of any  
95 judgment against the recipient of such grant in any civil action.

96 [(d)] (e) Notwithstanding the terms of any grant made under this  
97 section, an eligible applicant shall bear all the costs of such pollution  
98 that are less than ten thousand dollars. The Commissioner of Economic  
99 and Community Development [shall] may provide a grant of up to  
100 three hundred thousand dollars to the eligible applicant where the  
101 eligible applicant has provided said commissioner with documentation  
102 satisfactory to said commissioner that the services for which payment  
103 is sought have been or will be completed. No eligible applicant shall  
104 receive more than three hundred thousand dollars [per calendar year]  
105 per eligible dry cleaning establishment. There shall be allocated to the  
106 Department of Economic and Community Development annually from  
107 the account, for administrative costs, an amount equal to five per cent  
108 of the maximum balance of the account in the preceding year or one  
109 hundred thousand dollars, whichever is greater. In addition the  
110 account may be used (1) to provide grants to the Department of  
111 Environmental Protection for expenditures made investigating dry  
112 cleaning establishments, (2) to provide potable water whenever  
113 necessary, and (3) to conduct environmental site assessments.

114 [(e)] (f) Requests for grants shall be made to the Commissioner of  
115 Economic and Community Development. Any eligible applicant  
116 seeking grants shall provide documentation supporting the need for  
117 the grant.

118      [(f)] (g) Any dry cleaning establishment which unlawfully or  
 119 intentionally discharges or spills any chemical liquids or solid, liquid  
 120 or gaseous products or hazardous wastes shall not be eligible for  
 121 grants from the account.

122      [(g)] (h) The Commissioner of Economic and Community  
 123 Development shall establish procedures for distribution of the grants  
 124 and shall adopt criteria to carry out the provisions of this section. Such  
 125 criteria shall specify (1) who may apply for grants; (2) how  
 126 establishments, whether owned or leased, will be determined to be  
 127 eligible for grants; and (3) the costs for which a grant may be made.

128      [(h)] (i) On or after February 1, [2000] 2007, and annually thereafter,  
 129 the Commissioner of Economic and Community Development shall  
 130 submit a report, in accordance with section [11-4a] 32-1m of the 2006  
 131 supplement to the general statutes, to the joint standing committee of  
 132 the General Assembly having cognizance of matters relating to the  
 133 environment regarding the account and grant program established  
 134 under this section. Such report shall include information as to the  
 135 number of applications received, and the number and amounts of  
 136 grants made, since the inception of the program, the names of the  
 137 applicants, the time period between submission of application and the  
 138 decision to grant or deny the loan, which applications were approved  
 139 and which applications were denied and the reasons for denial. Such  
 140 report shall further include a recommendation as to whether the  
 141 surcharge and the grant program established under this section should  
 142 continue.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2006	12-263m

**Statement of Legislative Commissioners:**

In subsections (e) and (f) of section 1, the word "eligible" was inserted prior to "applicant" for purposes of consistency.

**ENV**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Economic & Community Development	SF - None	None	None

Note: SF=Special Fund (Non-appropriated)

**Municipal Impact:** None

**Explanation**

The bill makes technical clarifications to the current Dry Cleaning Remediation Fund program and allows the Department of Economic and Community Development additional flexibility in leveraging available funds within the Dry Cleaning Establishment Remediation Account.

**The Out Years**

None

**OLR Bill Analysis****sSB 287*****AN ACT CONCERNING REVISIONS TO THE DRY CLEANING REMEDIATION ACCOUNT PROVISIONS.*****SUMMARY:**

This bill makes several changes to the Dry Cleaning Remediation Fund program.

By law, program applicants may apply the Department of Economic and Community Development (DECD) for grants from the dry cleaning establishment remediation account to mitigate pollution from dry cleaning chemicals. The bill allows, instead of requires, the DECD commissioner to provide grants and specifies that applicants must be eligible.

Under current law, to receive a grant, an applicant must provide DECD with documentation that the services for which he is seeking payment have been completed. Under the bill, an eligible applicant must show the services have been or will be completed.

The bill allows applicants to receive grants of up to \$300,000 per eligible dry cleaning establishment, instead capping at \$300,000 the total amount an applicant may receive per year.

It also makes minor, conforming, and technical changes.

EFFECTIVE DATE: Upon passage

**GRANT APPLICANTS**

For the purposes of the remediation program, an “eligible dry cleaning establishment” is (1) any business that cleans clothes or other fabrics using tetrachlorethylene, Stoddard solvent, or other chemicals



or (2) any business that accepts clothing or other fabrics to be cleaned by another establishment using such chemicals.

Under current law, to qualify for a grant, an applicant must demonstrate to the DECD commissioner's satisfaction that:

1. the dry cleaning establishment is using, or has previously used, tetrachlorethylene, Stoddard solvent, or other chemicals for cleaning clothes or other fabrics;
2. he has been doing business and has maintained the business' principal office and place of business at the site for at least one year before the application submission or approval date; and
3. he is up to date on an all state and local taxes.

The bill requires the eligible dry cleaning establishment, instead of the applicant, to have been in business at the site for at least one year before the application submission or approval date. It eliminates the requirement that the applicant have maintained his principal office and place of business at the site. The bill specifies that eligible dry cleaning establishments, in addition to eligible applicants, must be up to date on all required tax payments to qualify, including the dry cleaning tax imposed to fund the program.

## **ANNUAL REPORT**

The bill requires the DECD commissioner to report annually on the account and grant program to the Environment Committee, on or after February 1, 2007, as part of DECD's consolidated report established under PA 05-191, instead of as a stand-alone report.

## **BACKGROUND**

### ***Dry Cleaning Establishment Remediation Account***

The legislature created the account (PA 94-4, May Special Session) to provide grants to owners and operators of dry cleaning businesses for the containment and clean-up of pollution resulting from the discharge of chemicals or hazardous waste from their sites. The account is

funded through a 1% surcharge on dry cleaning gross receipts.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea     28     Nay   0     (03/16/2006)